

COVID-19 Response: Poland

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Finance / Loan Schemes

Additional financing

- ▶ Additional equity or bond financing from the Polish Development Fund for Polish companies (directly or through the commercial banks in case of SMEs) – maximum financing for liquidity purposes for large entities may not exceed PLN 1 billion (c. €216 million). The maximum term of the financing is three years. A portion of the amount owed under the financing (up to to 75% for SMEs) may be waived by the Polish Development Fund), depending on the maintenance of the level of employment and the level of financial loss suffered by the given entity. Additionally, large entities may be financed by the Polish Development Fund through equity instruments (e.g., in exchange for shares)
- ▶ National Economy Bank of Poland (BGK) to pay subsidies for (a) up to 2% of the interest on bank loans for micro- and SMEs, and (b) up to 1% of the interest on bank loans for large entities; this program offers support up to an aggregate amount of PLN 500 million (c. €108.2 million)
- ▶ Financing from the Industrial Development Agency (IDA) for Polish SMEs will be in the form of revolving loans for financial remuneration and working capital shortages, and for transport companies, refinancing of existing operating lease agreements
- ▶ Additional support from the IDA for businesses in Poland whose financial difficulties (e.g., decreased turnover) are caused by the prohibitions and restrictions imposed in connection with the COVID-19 state of emergency in the form of loans, guarantees, surety or other instruments (other than those offered by banks or insurers). Details on individual business support are to be set out in an agreement concluded with the IDA
- ▶ Support from IDA under the “New Opportunities Program” (c. €27,3 million annually for the next 10 years) for entities in difficult economic situations (insolvent or threatened with insolvency). Support in the form of public aid (short term loans, temporary restructuring aid) for the rescue (available to SMEs; large entities only after notifying EC), temporary restructuring support (available to SMEs) and restructuring proceedings (available to SMEs and large entities). Additional requirements apply

- ▶ Available to all Polish companies in the relevant category

1 April 2020 (and, partially, as of 9 April 2020)

Program for SMEs from the Polish Development Fund ended on 14 August 2020

“New Opportunities Program” – from 24 September 2020

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Tax

Deferral of direct taxes and social security contributions

- ▶ Ability for Polish companies to postpone social security contributions due from February to May 2020 without any penalty. Moreover, SMEs may apply for releases from their obligation to pay social contributions during that period (up to 50% release for businesses employing between 10 and 49 employees)
- ▶ Polish companies affected by COVID-19 crisis may defer payment of Personal Income Tax ("PIT") for March and April 2020 till 1 June 2020 (i.e., the employer will still withhold the PIT from the employees' remuneration, but will be permitted to delay payment of that PIT to the Tax Office)
- ▶ All Polish companies may defer the annual CIT filing, and payment of the related tax, until 31 May 2020 (instead of 31 March 2020)
- ▶ Polish CIT payers with 2020 revenues lower by at least 50% as compared to the 2019 revenues may deduct such a decrease in 2020 revenues from their profit for 2019 (not more than PLN 5,000,000 (c. €1.1m))

▶ All Polish companies

1 April 2020

(deferral in CIT filing available before that date)

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Employment

Employment subsidies – payment by the Polish government of:

- ▶ Up to half of employee's wage and full social security contributions (approx. PLN 1,300 (c. €281)) in case of suspension of employment
- ▶ Up to 40% of an individual employee's salary where an employing company has suspended operations or reduced worktime and experienced a decrease in revenues of 25% in the last month or 15% in any consecutive two months of 2020, comparing to the relevant period in 2019
- ▶ SMEs may receive additional financing for employees' salaries and social contributions if their turnover in year 2020 has decreased by at least 30% as compared to 2019

- ▶ Available to Polish companies provided that they do not implement any redundancies (certain limits and additional preconditions may apply)

1 April 2020

Payments for self-employed workers

- ▶ One-time guaranteed monthly benefit for self-employed persons (c. PLN 2,000 (c. €433) per month) provided that a 15% decrease in income is experienced by the individual

- ▶ Available to Polish self-employed workers provided that they started their work prior to 1 February 2020

1 April 2020

Additional relief from the "Industry Shield" for selected entrepreneurs – under preparation

- ▶ New program will offer support up to an aggregate amount of PLN 1.8 billion (c. €390 million) for entrepreneurs from the following industries: restaurants, entertainment, retail and health (gyms, sport centres)
- ▶ Support in the form of: exemption from payment of social security contributions, one-time guaranteed monthly benefit, suspension of market fee in 2021 and additional benefits for tourism industry. Details and additional requirements to be announced in due course

- ▶ Available to Polish entrepreneurs from the following industries: restaurants, entertainment, retail and health (gyms, sport centres)

To be announced and confirmed

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Other

Insolvency Filings

- ▶ If the prerequisites for the declaration of bankruptcy are met in the period of the COVID-19 state of emergency, and the insolvency is caused by COVID-19, the time limits for filing an application for bankruptcy shall be tolled until after the end of the COVID-19 state of emergency

- ▶ All companies in Poland

From 13 March 2020

Simplified restructuring proceedings

- ▶ Introduction of "simplified proceedings" for entrepreneurs threatened with insolvency. The proceedings include minimum participation of the court and are based on cooperation with a restructuring advisor acting as an arrangement supervisor. The core of these proceedings is extensive protection of the debtor against enforcement proceedings (incl. claims secured in kind) for 4 months after publishing an announcement in the Court and Economic Journal. Within these 4 months the filing entrepreneur has to enter into an arrangement with creditors and file it with the court for approval

- ▶ All companies in Poland

From 24 July 2020

Foreign Direct Investment screening

- ▶ New FDI rules applicable for 2 years (i.e., until 24 July 2022) to protect key (broadly defined) industries for maintaining safety, order, and public health, which have revenues exceeding the equivalent of €10 million in any of the two financial years preceding the interested take over
- ▶ Pre-completion obligation to notify of the intention to acquire control (direct or indirect) or an acquisition of a significant participation, including a share of at least 20% in protected entities, to the President for the Office for Competition and Consumer Protection

- ▶ Entities from, or controlled by entities from, outside of EU / EEA / OECD

From 24 July 2020

Insurance coverage for projects relating to exports of capital goods

- ▶ KUKI (a Polish company specialising in export insurance backed by the Polish government) will insure 100% of the commercial and political risks for exporting Polish companies (and the financing of export transactions) created by COVID-19

- ▶ All export projects undertaken by Polish companies with a credit repayment period of two years or more

19 March

Note: The measures described above were in place as of **26 October 2020**. Updates and additional government measures are expected.